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POLICY AND OBJECTIVES OF THE SECOND PLAN

With the end of the fiscal year 2017-18 (1960-61) the First Five Year Plan period also came to an end. It is evident from the Progress Report of the Plan that targets in many fields have remained unfulfilled. There are many reasons, for this lack of success. Inefficiency of the administrative machinery, dearth of technicians and construction materials are some of them. Besides the shortcomings in the Plan itself were no less responsible for it. In view of the present administrative capability and available resources, the Plan has proved to be ambitious. Projects were taken up without proper consideration of the cost involved and the benefit to be accrued. Moreover the programmes proved to be in excess of the outlay earmarked in the plan. Besides the annual development budgets did not take the Plan into consideration. Consequently the total amount of the development budgets alone reached the figure of 60 crores, whereas the total outlay of the plan amounted to 33 crores only. On the contrary, the total expenditure incurred during the Plan period could hardly reach 22 crores. Moreover in the absence of a definite objective, co-ordination of the different programmes could not be achieved in a systematic way.

Under these circumstances, the need of a plan that was not only realistic but had a well defined objective was felt. The Plan had to be based on our administrative capability and limited resources, economic or otherwise. In view of this a high level National Planning Council was set up to formulate the Plan under the chairmanship of His Majesty the King himself. The Council, keeping in view the facts mentioned above, decided to frame a Three Years Plan that was to be executed from the fiscal year 2019-20 (1962-63). The main objective of the Plan is to prepare certain basic conditions that are essential for the introduction

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and smooth execution of a more comprehensive plan, which will help in expediting the development works in future. In order to achieve this objective the plan is designed to remove the weaknesses in the present organisational structure and in various fields of our economy and will lay down a firm basis for future economic development. The programmes that will be included in the Plan will be mainly determined on the basis of economic and other resources available and the projects to be taken up will keep in view the objectives mentioned earlier and the benefits that will accrue to the economy.

Apart from the main objective mentioned above the Plan also takes into consideration certain long term objectives based on the economic policy and objectives of His Majesty's Government. They are as follows:-

(1) To raise the standard of living of the people.

(2) To lessen gradually the social and economic inequalities, specially those which impede economic growth.

(3) To increase Governments revenues and to give priorities to those projects that could be taken up with the internal resources.

(4) To increase employment opportunities as far as possible in proportion to the rate of increase in population.

(5) To make way for the balanced development of agriculture and industry.

(6) Private enterprise to be encouraged, through the provision of necessary facilities, to set up industries other than the basic ones.

(7) To provide for social services as far as possible in view of the country's financial resources.

(8) To adopt necessary measures in order to maintain economic stability.

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In order to fulfil the above objectives the first step to be taken is the removal of the short-comings in the present organisational structure. As land is the source of livelihood for more than 90% of the population, the Council's attention has been drawn towards the need of land reform. Success of any plan ultimately depends on the active co-operation of the people which can be mobilised only if the plan is designed to aim at the good of the majority. If the present land-system is allowed to be continued the vast majority of the people will remain apathetic towards any plan. It is, therefore, one of the principal objectives of the plan to make necessary arrangements for bringing about improvements in the present land system.

To bring about improvement in the administrative machinery is another main objective of the Plan. The First Five Year Plan has brought into fore the necessity of an efficient administrative machinery for the smooth execution of the development programmes. In the absence of such a machinery most of the programmes remained on paper only and there was a big gap between intention and execution. The need of such a machinery has been felt not only at the central level but also at the district and local levels and in different other fields. The need of bringing about improvements in administration has thus been adequately stressed in the Plan.

A sound assessment of the country's physical and man-power resources is essential for the formulation and the smooth execution of a well-knit and systematic Plan. This is necessary since the Plan and the different projects to be included in the Plan have to be justified from the standpoint of economic benefits that will accrue to the country. The undertaking of surveys of resources is therefore considered to be an integral part of this 'preparatory' Plan. Accordingly efforts will be made to collect statistical data on our present economy and necessary surveys of the country's resource potentialities will be undertaken. Such surveys are of two types:-

1. General.....

1. General survey of the country's physical resources which will provide guidance for the ordering of priorities regarding the exploitation of resources in future.
2. Pre-investment survey. This will make available the details, specially regarding costs involved and the benefits to be accrued from a particular project.

In keeping with its objective to create a sound basis for undertaking development programmes in future, the Plan places great emphasis on the necessity of building up the economic overheads. Such programmes do not have any special justification in the absence of proper assessment of the development potentialities of resources and regions. But in a country where the development of such overheads is only in the preliminary stage a development plan has to incorporate even though to a limited extent, the development of such overheads, such as transport and communications power and man-power. Such programmes may be justified on other grounds as well.

In a predominently agricultural economy as that of Nepal priority has to be given to development of agriculture in order to raise the standard of living of the rural masses and to increase the supply of foodgrains and raw materials for the non-agricultural sector. In order to raise production, emphasis is placed on agricultural extension services and provision of irrigation facilities.

In accordance with His Majesty's Government's policy to encourage the private sector for the development of the industries the Plan aims at setting up only those industries in the public sector which have already been so committed. In this connection, it may not be out of place to refer to the role of the private sector. Since the 'Preparatory' Plan gives topmost priority to the improvements in organisation and development of the economic overheads, private sector will be encouraged to take up the agricultural and industrial enterprises,

which.....

which can be run on commercial basis, through the provision of loans and other facilities. From this standpoint some of the enterprises run at present by the Government may have to be transferred to the private sector.

Keeping in view limited resources and the existing administrative machinery, it is found desirable to improve and consolidate the social services at present available. The need of the educational and health facilities and other social services is, of course, immense in an underdeveloped country like Nepal. But it should be borne in mind that if these services are not provided on a planned and well-organised basis, the resources devoted to these will simply be wasted. This will have adverse effects on economic development in general. Hence the need of consolidation rather than expansion. Moreover the mounting recurring expenditure has posed a difficult problem to the HMG. It has therefore been agreed that during the next three years priority be given to consolidate rather than expansion of the social services, so that it may be possible to lay down a sound base on which future development of social services could be built up. Meanwhile the increase in revenues will enable the government to devote a large proportion of resources to this field.

From the regional standpoint, it has not been found desirable to disperse the limited resources in too wide an area. While formulating programmes of development, priority is to be given to the development of some specific regions (e.g. Kathmandu Valley, Dharan, Butwal, Pokhara.) District and Zonal headquarters are to be given preference in the Zonal and District development programmes. Regarding the provision of social services facilities, preferance, will be given to regions which are generally backward and do not have such facilities available.

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On the basis of these principles and objectives stated above the National Planning Council has fixed the priorities of the Second Plan in the following order. In keeping with the priorities financial resources have been allocated as follows:

		Amount Allocated (In lacs of N/C)	Loan
1.	Improvements in Organisation & Management Survey, Statistics, Publicity & Training.....	725	100
2.	Development of Transport, Communication & Power (Exeluding Kathmandu-Tibet Road & Trisuli Project).....	2230	
3.	Agricultural Development.....	820	100
4.	Development of Industries.....	1050	500
5.	Consolidation and expansion, on a selective basis, of social services	1035	
	Total:	5860	700

A general outline of the programmes is given in Section (IV)

At present projects which are not in keeping with priorities, cannot be discontinued as they have already been started. Moreover some of them are tied up with foreign aid. There are also some projects which it is desirable to implement if foreign aid becomes available. On the whole such projects will recieve low priority in the Plan.

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II. FINANCIAL RESOURCES FOR THE SECOND PLAN

The progresw Report on the five year plan makes it clear that our dependence upon foreign aid for meeting the financial requirements of the development programmes is increasing. While the amount to be borne from internal resources was 29% of the development budget in 2015 - 16, in 2016 - 17, it came down to 13%; and in 2017-18, it came down further to only 6%. This ever increasing dependence upon foreign assistance has affected the nature of our development programmes too. A large part of the foreign aid, available at present, is tied up with some specific projects and these resources cannot be utilised for projects other than these. Besides, it is obvious that the all round development of the country is not possible by means of foreign aid alone; domestic savings have to be mobilised for the effective utilisation of foreign assistance.

Though the size of foreign aid available at present is relatively large, the amount that can be generally utilised is limited, since, as already pointed out, a great part of the available fund has been tied up with some particular projects. Thus, the amount available under chinese aid is about Rs.30 crores, but it cannot be utilised for projects other than those with which it has been tied up. They are 'Cement Factory, a Paper Mill, a Leather Tannery and the Kathmandu - Tibet Road. Similarly, the Russian aid amounts to about Rs. 8 crores (including loan) and it can be utilised only for the Sugar Mill, Cigarette Factory and the Panauti Hydro-electric Project, for which it has already been cmmmitted. The amount to be available from Indian Aid has also been earmarked for some specific projects among which the Trisuli Project is the most important. The foreign aid which is tied up in this way with some specific projects amounts to Rs. 12 crores in the Plan. A sum of Rs.46 crores is required to meet the financial requirements of the remaining projects. The amount of foreign aid that may be available during the next three years to meet these requirements is estimated as follows:-

U.S.A.	Rs. 21 crores+
India	Rs. 12 crores ~~(including loans)~~
U.K.	Rs.1.50crores

+ based on figures of 1961 - 62

U.N.O. ... ... Rs.1 crore

Others ... ... Rs.0.5? crore

Total:- Rs.36 crore.

There is thus a deficit of Rs. 10 crores.

In view of the importance of mobilising demestic savings, to supplement foreign aid, it is proposed that about half of the deficit (i.e. Rs. 5 crores) should be met by HMG from its own resources. This amount will be 9% of the total financial outlay (Rs.58.60 crores). However, this fund cannot be made available from the existing revenues of the Government. Efforts, therefore, have to be made to increase the revenues of the Government in order to reduce our dependence upon foreign aid. Besides, mobilisation of internal rsources is also necessary to increase the volume of foreign aid since in many cases, HMG will have to bear a part of the total costs of projects implemented under foreign assistance programmes, in the form of local costs etc. At the present stages, sources of extra income cannot be defined in specific terms, but the following general proposals may be made.

Firstly, experts are of the opinion that present rate of land tax is much lower in relation to production. At present, annual income from land revenue is about Rs.2.40 crores. An increase in the existing rate of land revenue can provide an additional amount of Rs.3.60 crores in the next three years. It is also felt that an effective control over customs posts may lead to increased revenues from this source. Similarly irrigation charges have not been levied in any systematic manner. In other countries, Betterment levy is imposed along with Irrigation charges but in Nepal some increase in revenues is possible even if imposition is limited to Irrigation Charges only.

An important source of income of the Government is the profits from public undertakings. But so far their contribution has not been significant since these undertakings have not so far been efficiently and economically operating. Emphasis is,

therefore.....

therefore, placed on the need of forming autonomous organisations to run the public enterprises. However the changes in organisation, by itself will not yield immediate results. Such organisations take time to function efficiently. For the present, therefore some increase in income is expected only from Forests.

Loan is another means of financing development programmes. So far there have been no efforts on the part of the Government to raise loans within the country. Floating of loans for the purpose of financing development projects is important not only from the point of view of increasing national income, but it also helps in mobilisation of the volume of domestic savings. Besides mobilising personal savings, this will help in more effective utilisation of the idle deposits lying in organisations like the Nepal Bank and in the Provident Fund. Since there is no scope for investment within the country, these resources are being invested in foreign bonds and securities.

The volume of deposits in the Nepal Bank is marked by big seasonal changes. During the period of slackness the figure exceeds Rs. 1 crore while during 'peaks' the amount is reduced to nothing. Similarly the total amount in Provident Fund at present is about Rs.20/25 lakhs and generally tends to increase at the rate of Rs. 12 lakhs per annum. While the funds like Nepal Bank deposits may well be utilised for short term purposes such as lending to an Agricultural and Co-operative Banks, those in the Provident Fund may be utilised in schemes which are expected to yield direct economic benefits.

The total plan outlay does not include the resources that may be obtained in the form of loan through the Nepal Bank, Industrial Development Corporation and from like sources. This item incorporates a sum of Rs. 2 crores for agricultural credit and rehabilitation purposes and about 5 crores for industrial development.

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While considering resources available for development purposes, the expenditure in the regular budget cannot be ignored, since funds for development works, after all, may be available only if there is a surplus in the regular budget. While estimating the amount to be available from internal resources for development works, it has been assumed that the budget in the regular side will be balanced. The present trend in the regular budget however indicates that a balanced regular budget is not possible unless the expenditure is curtailed or the revenues are increased. Additional sources of income, other than those mentioned above should, therefore, be tapped to bring about a balance in the regular budget, so that the amount to be available from internal sources as a result of additional measures suggested above may be utilised as a part of HMG's contribution to development programmes.

On the basis of these considerations, the Plan is proposed to be financed from the following sources:-

1. Plan Outlay Rs. 58.60 crores

2. Sources

a. Foreign Assistance

i. Committed Fund - Rs. 12 crores *

ii. Others - Rs. 36 crores

b. HMG Contributions Rs. 5 crores

Land revenue	3.50
Customs	0.50
Forests	0.50
Others	0.50
	5.00

Deficit Rs. 5.60 crores.

3. Loans

a. From Nepal Bank Rs. 1 crore (short term only)

b. Loan from foreign countries Rs. 5 crores.

c. Internal Loan Rs. 1 crore

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* Excluding Trisuli Project and Kathmandu Tibet Road.

Allocation.....

III. ALLOCATION OF RESOURCES

Subject	Rs. (in lakhs)		Loan
1. Improvements in Organisations, Survey, Statistics, Publicity, and Training.....		725	
a. Land Administration.	20		
Cadastral Survey	100		
Agricultural Credit	30		100
b. Panchayat	200		
c. Survey &Statistics	300		
d. Training	50		
e. Publicity	25		
2. Transport, Communication & Power		2230	
a. Roads*	1100		
b. Aviation	250		
c. Posts and Telegraph	40		
d. Power+	840		
3. Agriculture, Forests & Irrigation		820	
a. Irrigation	400		
b. Agriculture(Including minor irrigation works)	282		
c. Resettlement	-		100
d. Forests	138		
4. Industries & Tourism		1050	
a. Industry	900		500
b. Cottage Industries	100		
c. Tourism	50		
5. Social Welfare		1035	
a. Education	400		
b. Health	370		
c. Drinking Water Supply	240		
d. Sports & Recreation	25		
Total:		5860	700

* Excluding Kathmandu - Tibet Road.
\+ Excluding Trisuli Project.

IV. PROGRAMMES OF ACTIVITIES IN DIFFERENT SECTORS

In accordance with the principles and priorities accepted for the Second Plan, the following programmes of activities are proposed in different sectors of the economy.

1. Improvement in Organisation

Organisational changes are proposed in the programmes of different subjects. Here the purpose is to consider only those fields whose impact is felt by the economy as a whole. The main fields where such improvements are proposed are the following:-

a. Land System

A sound organisational structure in the Land System is essential in order to bring improvement in agriculture and to raise the standard of living of the rural masses. The important means to bring about the improvement are the following:-

i. Improvement in land administration in order to establish a proper machinery to secure tenancy rights and fixing of rent and interest and in order to have a better collection of land revenue.

ii. Cadastral Survey which will help in undertaking the above programmes and also result in better coverage of land tax.

iii. Agricultural credit to be encouraged through the setting up of an agricultural bank and cooperative socieites. Credit is to be linked with production, marketing and processing of agricultural products as far as possible.

b. Improvements in Public Administration

Improvements are proposed in the following levels:-

i. In central level, by appropriate changes in the procedures, rules and regulations and by upgrading the quality of the staff.

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Also a well-equipped Public Administration Institute is proposed to be set up during the plan period.

ii. Improvements are also proposed in district and local level. His Majesty's Government have already decided to set up the Panchayat System at local level, in order to decentralise the administration system and to allow the local population to participate more effectively in the administration of their localities. In accordance with the decision elections are now taking place. After the formation of the Panchayats, it is proposed to entrust the execution of local development activities to these Panchayats which will receive technical guidance and financial assistance from the centre for this purpose. The village development activities now being undertaken by the Blocks will, therefore, be taken up by the Panchayat under the direct supervision of the concerned Central Government Departments. In order to coordinate the activities at the district level and to help in execution a coordinating body will be provided at the district level until the District Panchayats are formed. This body will consist of the representatives of the different Departments and a District Development Officer, who will be Secretary to this body. Such an organisation at the local level is expected to lead to more efficient execution of development activities and also to more effective public participation in such activities.

Provision.....

Provision is made to take up the intensive valley projects in two more places. At present three regions have been taken up.

iii. Tax Administration

A more efficient tax administration is proposed to ensure better collection of the taxes. Besides conforming to the canons of social justice, this will provide a more effective base for building up the revenue structure in future.

c. Public enterprises

To ensure efficient and economical operation of such enterprises, particularly the public utilities, it is proposed that these should, as far as practicable, be organised into autonomous bodies. The proposed fields for this purpose are the Ropeway, Electricity, Printing Press, Irrigation Projects, Water Works, Reclamation projects etc. In some cases, it may be necessary to form autonomous agencies even for construction purposes (e.g. in factories, irrigation works, Reclamation project etc.)

2. Survey and Statistics

In order to ensure sound planning and speedy execution of the projects, provision should be made for an efficient source of information not only on the existing economic structure but also on the resource potentialities of the economy. Only thus a good basis for the introduction and execution of a more comprehensive plan in future could be made.

a. Statistics

In the field of statistics, agricultural survey now being undertaken will be completed, and arrangements will be made for the provision of more adequate information on different aspects of the economy. On the basis of these data attempts will be made to estimate the national income and product. In order to carry out the above programmes some changes will also be made in the present statistical organisation.

b. Surveys.....

b. Surveys.

In order to make a better assessment of the natural resources of the country, comprehensive programmes of resources survey is called for. Though it may not be possible to undertake such a programme at present, survey of certain resources should be undertaken at least on selective basis.

i. General Survey.

Under this programme particular mention may be made of forest resources, mineral deposits, soils, industrial raw materials, water resources and roads.

ii. Pre-investment Survey.

Projects involving staff, money and materials on a considerable scale require more elaborate preparations. For this detailed project reports have to be prepared.

The following projects are proposed for this purpose:

i. Karnali, Kali, Konakai Hydroelectric Project

ii. Bagmati Irrigation Project.

iii. Mining deposits, iron, mica and copper.

iv. Construction of an International Airport.

c. Publicity.

To create enthusiasm of the masses in development works, the development of the information media is very essential. In this connection, the strengthening of the audio-visual section, improvement in the Press, especially the Gorkhapatra Press, development of Radio Nepal through the construction of a building and the provision of workshop and a laboratory, the provision of necessary facilities to the National News Agency,

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are some of the schemes which are proposed to be undertaken.

3. Training:

Availability of trained personnel in different fields is one of the essential pre-requisites of a successful development programme. At present the technical personnel of only the intermediate level are trained, inside the country. The number of technicians of different levels needed for the plan can be adequately estimated only after the various programmes have reached the final stage of formulation. It is, however, possible to indicate the broad lines along which the training programmes will be formulated.

a. The existing programmes of training village level workers, cooperative officers, agricultural assistants, foresters and rangers, nurses and primary school teachers will be continued.

b. The agricultural assistants course shall be upgraded to provide better staff in agricultural production and extension activities.

c. The Health Assistants School and the Civil medical school will be combined to form a school of Public Health where health workers of various types will be trained.

d. The intake capacity of the Engineering School will be increased in order to train more overseers, draftsmen and sub-overseers.

e. A technical training workshop is to be set up in the Engineering School to train personnel in various technical subjects

f. Efforts will be made to set up a Polytechnic School which will besides, producing engineering personnel, start courses oriented to industrial requirements. Such a school may preferably be located in Biratnagar.

g. A training Institute will be set up to train teachers for vocational schools and also some junior technicians.

4. Transport.....

4. Transport and Communication:

Roads: Though the vital importance of roads in the economy of Nepal is indisputable, the pace of progress has been slow on account of the dispersal of efforts and limited resources in too wide a field. In this plan, it is proposed to give higher priority to the following roads:

i. East - West Highway ;

ii. Kathmandu - Janakpur and Sunauli - Pokhara;

iii. Kathmandu - Tibet Road;

iv. Construction of a few suspension bridges in the hilly parts.

Besides , construction work at the Dharan-Dhankuta - Bhojpur, Dhangadi - Baitadi, Nepalgunj - Surkhet, Krishnanagar - Peuthan, Raxual - Bhaise roads will be continued. Improvements of roads in Kathmandu Valley and outside will also be continued.

b. Aviation

i. Gauchar Cross runway. A large portion of the runway is to be completed during the Plan period;

ii. The programme of improvements of the existing air fields will be continued;

iii. New Aerodromes will be constructed at Surkhet, Mustang, Jhapa and Jumla;

iv. 'Stol' air strips will be constructed in various parts of the country, preferably in Zonal and district headquarters.

c. Posts and Telegraphs:

i. The existing postal services are to be consolidated and improved; a few post offices are to be set up in Zonal and district headquarters which do not at present have such facilities;

ii. The 200 lines C.B. Exchange are to be shifted and installed in Biratnagar;

iii. The .....

iii. The lines in the automatic exchange at Kathmandu are to be increased by 600 lines;

iv. Improvements are to be made in the existing telephone lines from Kathmandu to Raxual and Biratnagar.

5. Power:

a. The following hydroelectric projects are to be completed. (total capacity 12,000 K.Ws.)

i. Trisuli Project;

ii. Tharo Khola Project;

iii. Panauti Project.

A project with generating capacity of 5000 K.W. will also be started in Kulekhani.

b. Diesel plants are to be installed in Hetauda and Birgunj to meet the industrial and other requirements in the areas (capacity 6000 K.W.)

c. The capacity of electric supply in Biratnagar is to be increased by 2000 K.Ws.

d. A diesel or Thermal plant will be installed at Nepalgunj capacity 2,500 K.Ws.)

e. In order to utilise more effectively the power available from the above sources the transmission lines from Kathmandu to Birgunj are to be installed.

f. The present programme of improvements over power distribution in Kathmandu Valley is to be completed.

g. A few small hydro and diesel plants (capacity 50 - 250 K.Ws.) are proposed to be taken up.

6. Irrigation:

In order to take up the construction and operation of major projects, like Kamala (command area 1,40,000 acres) Rapti (50,000 acres) Babai (1,00,000 acres), a more effective from of organisation is needed. It is thus proposed that autonomous bodies, with powers to raise loans if necessary, be set up to take up such projects:

a. The projects, already taken up such as Tinau, Khutti, Hardinath, Dunduwa, Juddha Canal, Chadra Canal etc. are to be completed.

b. A few major projects like Kamala, Rapti Babai are to be taken up.

c. Some new projects of medium size as Kanchan, Ganda, Bihul, Panchkhal, Datar Chepetar, Rampurtar are proposed to be taken up. Priority will be given to those projects which are in keeping with agricultural and industrial requirements.

7. Industries.

In the industrial programme priority will be given to those projects which have already started. New industries will be set up in the private sector with technical and financial assistance from Nepal Industrial Development Corporation.

a. The construction works of Sugar and Cigarette Factories to be completed and these factories to start operations. A large portion of the construction works on Cement, Paper and Footwear factories will also be completed.

b. The conditions of the existing industries like Jute, Cotton, Textile, Sugar, Plumber and Plywood etc. are to be improved by provision of financial and technical assistance.

c. Private enterprise will be enccuraged to start new industries specially Jute, Cotton, Textiles, Lumber & Plywood, Steel rolling, Brick & tiles, Iron etc.

d. Construction works of the Industrial Estates at Patan and Balaju are to be completed.

e. In the field of Cottage Industries, emphasis will be placed on employment aspects in order to lead to proper utilisation of the existing training facilities.

8. Agriculture.....

8. Agriculture.

The main objective of the agricultural development programme is to consolidate and improve the present activities rather than propose any new expansion. Special emphasis will be placed on extension activities.

a. The activities regarding the production of improved variety of seeds, livestock and equipment are to be consolidated keeping in view : the requirements of extension services and the administrative capacity.

b. The present horticulture and veterinary services programme will be continued.

c. The agricultural extension services will be consolidated and carried out in such a way as to make their impact felt by peasants. Under this programme emphasis will be laid on the protection of seeds, plants and livestocks and the extensive use of fertilisers and manures.

d. Projects that could be carried out on a commercial basis like fishery, dairy industries, poultry are to be entrusted, as far as practicable, to private or cooperative enterprise.

e. Small Irrigation Schemes are to be undertaken with the consideration of the local needs.

f. To increase the yield from agriculture as well as to carry out a programme of rehabilitation in a planned way, a resettlement scheme is to be taken up on an experimental scale by an autonomous organisation.

9. Forest :

In the forest development programme emphasis is to be placed on the building up of conditions which will help in laying a sound basis for the economic exploitation and long term development of forest resources.

During.....

During the plan period, 30 lakh cubic feet of timber will be produced, out of which more than half will be processed inside the country.

Moreover, at present activities of plantation of new trees, demarcation of forest boundary, construction of fire lines, improvements of communications system etc will be continued. Necessary steps will also be taken up to supply timbers needed for different projects and industries. In addition, a programme for the improvement and development of herbs will also be launched.

10. Tourism:

In the tourist development programme special emphasis will be given on the following activities:-

a. Development of tourist centres in Kathmandu Valley, Pokhara and Lumbini.

b. Hotel facilities are to be increased taking into consideration their need.

c. The publicity services are to be continued

d. An autonomous 'National Travel Agency' is to be formed.

11. Social Services:

Since the primary emphasis in the Second Plan is on organisation and management and on the building up of a basic economic overhead, the social services programme will be mainly devoted to consolidate, the existing facilities. While this implies restriction on expansion of such facilities, this also means that the quality of present services should be improved and facilities already provided be better utilised. It is also desirable that the responsibility for maintaining such facilities should be devolved, as far as practicable, on the local authorities.

a. Education:

1. Primary Education:

The existing facilities are to be consolidated. More primary schools will be started, in order to provide at least one primary school in each of the 4200 Panchayat areas.

2. Secondary.....

2. Secondary Education:

Keeping in view the needs of development programmes, secondary education is to be given technical bias. Regarding the establishment of more secondary schools, the target of providing one secondary school in each of the 75 development districts will be kept in mind. It is proposed that while objectives of consolidation shall be adhered to on the general side, a few vocational schools shall be set up as pilot projects. Besides setting up Demonstration Multipurpose School in Kathmandu, three more multipurpose schools will be started in different parts of the country.

3. In the field of higher education, the facilities available at present should be reviewed from the standpoint of the country's requirements. Meanwhile the financial assistance provided at present to the colleges, specially to arts colleges, should be restricted to the existing number. In addition, some hostels are to be established in different parts of the country. One text book library will also be set up for the benefit of the students.

4. The construction works in Tribhuvan University are to be expedited.

5. A well organised 'Education Materials Publication Centre' will be set up to provide necessary education materials to the existing educational institutions.

6. Building construction of the National Archieves shall be completed.

b. H e a l t h:

1. In the programme for health, emphasis will be placed on consolidation and improvement of health facilities, particularly hospitals and health centres by providing better equipments, staffs and medicines.

The programme of increasing 135 beds in the existing hospitals and 180 emergency beds in 30 centres, at the rate of 6 beds in each of the 30 health centres, is included under this.

2. Three 15 bed hospitals are to be established in three of the 14 zones since no government hospitals exist in these areas. Ten health centrrs are to be set up in 10 Districts where no such facilities are available at present.

3. Improvement works at Bir Hospital will be continued

4. The existing malaria eradication programme is to be extended to cover a larger area.

5. Pilot projects will be launched as a part of a general small pox and leprosy centrdl programme.

6. A Public Health Laboratory is also proposed to be set up.

c. Drinking Water.

1. The drinking water projects which have already been started in different parts of the country are to be completed.

2. In order to meet the requirements of drinking water of Kathmandu Valley, the Sundarijal Project is to be taken up.

d. Sports & Recreation:

In the development program of sports, the existing National Stadium is to be improved and a tennis court and a swimming pool are to be constructed. In order to increase the recreational facilities, National Park will also be provided.

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V. ESTIMATED BENEFITS FROM THE SECOND PLAN

Since the primary objective of this Plan is to prepare certain "basic" conditions, that are essential for the formulation and implementation of a more comprehensive plan in future which will help to expedite development, priority is given to improvements in organisations, building up of economic overheads, improvements of existing facilities etc. Although evaluation of many projects under the plan in quantitative terms is not possible, these are expected to make fundamental contribution to the development of the economy.

With the completion of the Second Plan a basis for undertaking land reforms and the Removal of the present shortcomings in the administrative machinery will be created. The working of the Panchayats will create enthusiam among the people to actively participate in the administration and execution of local development works. Similary the various resources surveys to be undertaken during the Plan period will give us an idea about our natural and other resources and about the possibilities of their economic exploitation. The public enterprises will be run more efficiently and economically. The improvement and development of overhead facilities like roads, power aviation, posts and telegraph etc. will provide a great impetus to the development of agriculture and industries. The programme of consolidation of social services will help to create a sound basis for the development of social services in future.

In the absence of necessary statistics, it is not possible to measure the benefit in terms of national income or output. The benefits expected from the Plan may, however, be broadly summarised as follows:-

As a result of the irrigation and agricultural development programmes, the food grains production is expected to increase by 20 lakh mds. annually. Cadastral survey will be completed in an area of 42 lakh acres and the amount of agricultural credit is expected to reach a figure of Rs.150 lakhs. Similarly, in the industrial sector, jute production is expected to increase

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by 8600 tons, sugar by 9000 tons (crushing capacity), cigarettes by 2 milliard sticks, cotton textiles by 20 million yards, timber by 12 lakh cubic feet and plywood by 20 lakh cubic feet. Irrigation facilities will be provided to an additional area of 152 thousand acres (excluding minor irrigation works) and the electricity generating capacity will be increased by nearly 25,000 K.Ws. (excluding Kulikhani Project). As regards transport and communications, 1,000 mls of more roads and 4 new airfields and about 30 stol airstrips will be constructed and the number of telephone lines and post offices will be increased by 900 and 26 respectively. The number of school going children in the primary classes will be increased by 60,000 and in the field of health services, the number of hospitals and health centres will be increased by 3 and 10 respectively. The number of hospital beds will be increased by 360.

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18-11-28-1